

AMENDED IN SENATE APRIL 12, 1999

**SENATE BILL**

**No. 781**

**Introduced by Senator Speier**

February 25, 1999

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An act to add Chapter 18 (commencing with Section 50898) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 781, as amended, Speier. Housing subsidies: high-cost counties.

Existing law sets forth the duties of the Department of Housing and Community Development in administering various housing programs in the state.

This bill would require the department to implement a housing subsidy program to be administered by high-cost counties, as defined, at their option, pursuant to which families who are successfully meeting participation requirements under the welfare-to-work component of the CalWORKs program—~~and~~, *or who are certain former CalWORKs recipients* whose income is less than 150% of the federal poverty level, would receive subsidies for rent for up to 3 years, at specified levels. It would require a county applying to provide subsidies to provide a ~~10%~~ 15% match, and would authorize the county to develop criteria for eligibility for the program in addition to that set forth in the bill, and to designate a local agency or community-based organization to implement the program.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1   SECTION 1. *The Legislature finds and declares the*  
2 *following:*  
3   (a) *According to nationwide research, California has*  
4 *the greatest number of low-income renters facing*  
5 *unaffordable rents, substandard conditions, or both.*  
6   (b) *The average monthly rents in high-cost areas of*  
7 *the state are as much as 60 percent or more above the*  
8 *statewide median.*  
9   (c) *The average rents in high-cost counties are almost*  
10 *double the maximum aid payment for CalWORKs*  
11 *families.*  
12   (d) *Families in high-cost areas are increasingly at risk*  
13 *of homelessness as they struggle month-to-month to meet*  
14 *their basic needs.*  
15   (e) *Research studies have proven that subsidized*  
16 *housing stabilizes families at risk of homelessness and*  
17 *helps families move toward self-sufficiency.*  
18   (f) *Thousands of low-income California families will*  
19 *be required to participate in work activities for a*  
20 *minimum of 32 hours per week beginning July 1999 and*  
21 *must find self-sustaining employment within five years or*  
22 *face losing their CalWORKs benefits.*  
23   (g) *Counties are finding that families who face*  
24 *housing crises have more difficulty meeting the*  
25 *CalWORKs participation requirements and progressing*  
26 *toward self-sufficiency.*  
27   (h) *High housing costs and long waiting lists are*  
28 *rendering current federal housing programs ineffective.*  
29 *Section 8 waiting lists in high-cost counties are either*  
30 *closed or are so long that it takes a family more than five*  
31 *years to move to the top of the list to receive a subsidy.*  
32 *Low-income families in high-cost counties have extreme*  
33 *difficulty using Section 8 certificates because the HUD*  
34 *fair market rents (FMRs) on which federal Section 8*

certificates are based do not accurately reflect the extremely high rents.

(i) It is therefore the intent of the Legislature to establish a transitional and time-limited housing subsidy program for CalWORKs families living in high-cost counties that encourages work and provides CalWORKs families with a cash rental subsidy to help them meet their basic needs and progress toward self-sufficiency.

SEC. 2. Chapter 18 (commencing with Section 50898) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 18. HOUSING SUBSIDIES FOR HIGH-COST  
COUNTIES

50898. (a) (1) The Department of Housing and Community Development shall implement a housing subsidy program to be administered by high-cost counties, at their option.

(2) For purposes of this section, a “high-cost county” is a county in which the United States Department of Housing and Urban Development Fair Market Rent (FMR) for a two bedroom apartment is 50 percent or higher above the statewide median for regions defined by the federal department.

~~(b) The subsidy provided under this section shall be applied for the benefit of families who are successfully meeting participation requirements under the welfare to work component of the CalWORKs program pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, and whose income level is less than 150 percent of the federal poverty level.~~

~~(c) Individual subsidies under this section shall be limited to rents totaling no more than 20 percent above the 1998 United States Department of Housing and Urban Development Fair Market Rent (FMR) for the region, and shall be applied for no longer than a total of three years, as follows:~~

~~(1) In the first year, 50 percent of the family's rent shall be subsidized.~~

~~(2) In the second year, 40 percent of the family's rent shall be subsidized.~~

~~(3) In the third year, 30 percent of the family's rent shall be subsidized.~~

~~(d) A county applying to provide subsidies through this section shall provide a 10-percent match, which may include Temporary Assistance for Needy Families block grant funds, or maintenance of effort funds under the CalWORKs program, to the extent not in conflict with federal law.~~

~~(e) A county providing subsidies through this section may develop criteria for eligibility for the program in addition to that set forth in this section, and may designate a local agency or community-based organization to implement the program. the federal department. The definition of "high-cost county" should be reexamined annually to ensure that counties who experience housing shortages for low-income families are included in this program.~~

~~(b) The subsidy provided under this section shall be applied for the benefit of families who are successfully meeting participation requirements under the welfare-to-work component of the CalWORKs program pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or former CalWORKs recipients who are receiving retention services within one year of receipt of aid and whose income level is less than 150 percent of the federal poverty level.~~

~~(c) Individual subsidies under this section shall be limited to the fair market rents in the local area, as defined by an acceptable market study, and shall be applied for no longer than a total of three years, as follows:~~

~~(1) In the first year, 50 percent of the family's rent shall be subsidized.~~

~~(2) In the second year, 40 percent of the family's rent shall be subsidized.~~

1 (3) In the third year, 30 percent of the family's rent  
2 shall be subsidized.

3 (d) Rental units subsidized under this program shall  
4 meet acceptable housing quality standards.

5 (e) A county applying to provide subsidies pursuant to  
6 this section shall provide a 15 percent match, which may  
7 include funds from the county's CalWORKs single  
8 allocation or county maintenance of effort funds under  
9 the CalWORKs program, or other county funds to the  
10 extent not in conflict with federal law. County funds  
11 expended on housing case management linked to this  
12 program shall count toward the required match. County  
13 funds currently being expended on housing assistance  
14 programs for needy adults may also be counted toward  
15 the 15 percent match requirement.

16 (f) Eligible counties shall be allocated a dollar amount  
17 based on a formula that takes into account the size of the  
18 county CalWORKs population, the number of  
19 CalWORKs families paying more than 60 percent of their  
20 grant and income in rent, and the HUD Fair Market Rent  
21 levels. The formula shall be determined by a work group  
22 comprised of representatives from the county welfare  
23 department and the Department of Housing and  
24 Community Development.

25 (g) A county providing subsidies pursuant to this  
26 section may develop criteria for eligibility for the  
27 program in addition to that set forth in this section, and  
28 may designate a local agency, including the county  
29 welfare department, or community-based organization  
30 to implement the program. All counties that choose to  
31 participate in the program shall develop a county  
32 CalWORKs housing stabilization plan that outlines the  
33 program design and includes details about the population  
34 to be served, the amount and source of the local matching  
35 funds, a description of how housing quality standards will  
36 be met, and evidence of consultation with local  
37 stakeholders. If the local agency designated to implement  
38 the program is not the county welfare department, the  
39 county welfare department shall participate in the  
40 development of the plan. The County CalWORKs

- 1 *Housing Stabilization Plan shall be approved by the board*
- 2 *of supervisors in each county.*

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